

OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2012-42  
MEDI-CAL BENEFICIARY PROBATE

REVISED JULY 1, 2014

In accordance with Government Code (GC) sections 17560 and 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state-mandated cost programs. This document contains claiming instructions and forms that eligible claimants must use for filing claims for the Medi-Cal Beneficiary Probate program. The amended Parameters and Guidelines (P's & G's) are included as an integral part of the claiming instructions.

On December 2, 1982, the Commission on State Mandates (CSM), formerly the Board of Control, adopted a Statement of Decision finding that the test claim legislation imposes a reimbursable state-mandated program on local agencies within the meaning of article XIII B, section 6 of the California Constitution and GC section 17514.

On January 29, 2010, the CSM approved the amendments to the P's & G's to update the "boilerplate language" clarifying source documentation requirements and record retention language as requested by the SCO.

**Exception**

There will be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

**Eligible Claimants**

Any county, as defined in GC section 17515, that incurs increased costs as a result of this mandate is eligible to claim for reimbursement.

**Reimbursement Claim Deadline**

Claims for the **2013-14** fiscal year may be filed by **February 17, 2015**, without a late penalty. **Claims filed more than one year after the filing date will not be accepted.**

**Penalty**

- **Initial Claims**

When filed within one year of the initial filing deadline, claims are assessed a late penalty of 10% of the total amount of the initial claim without limitation pursuant to GC section 17561, subdivision (d)(3).

- **Annual Reimbursement Claim**

When filed within one year of the annual filing deadline, claims are assessed a late penalty of 10% of the claim amount; \$10,000 maximum penalty, pursuant to GC section 17568.

## **Minimum Claim Cost**

GC section 17564, subdivision (a), provides that no claim may be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds one thousand dollars (**\$1,000**).

## **Reimbursement of Claims**

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. These costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating: "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5.

Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, these documents cannot be substituted for source documents.

## **Audit of Costs**

All claims submitted to the SCO are subject to review to determine if costs are related to the mandate, are reasonable and not excessive, and if the claim was prepared in accordance with the SCO's claiming instructions and the P's & G's adopted by the CSM. If any adjustments are made to a claim, the claimant will be notified of the amount adjusted, and the reason for the adjustment.

On-site audits will be conducted by the SCO as deemed necessary. Pursuant to GC section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a claimant is subject to audit by the SCO no later than three years after the date the actual reimbursement claim was filed or last amended, whichever is later. However, if no funds were appropriated or no payment was made to a claimant for the program for the fiscal year for which the claim was filed, the time for the SCO to initiate an audit will commence to run from the date of initial payment of the claim.

All documents used to support the reimbursable activities must be retained during the period subject to audit. If an audit has been initiated by the SCO during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings. Supporting documents must be made available to the SCO on request.

## **Record Retention**

All documentation to support actual costs claimed must be retained for a period of three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated or no payment was made at the time the claim was filed, the time for the Controller to initiate an audit will be from the date of initial payment of the claim. Therefore, all

documentation to support actual costs claimed must be retained for the same period, and must be made available to the SCO on request.

### **Claim Submission**

Submit a signed original Form FAM-27 and one copy with required documents. **Please sign the Form FAM-27 in blue ink and attach the copy to the top of the claim package.**

Mandated costs claiming instructions and forms are available online at the SCO's website: **[www.sco.ca.gov/ard\\_mancost.html](http://www.sco.ca.gov/ard_mancost.html)**.

Use the following mailing addresses:

If delivered by  
U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by  
other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 700  
Sacramento, CA 95816

If you have any questions, you may email **[LRSDAR@sco.ca.gov](mailto:LRSDAR@sco.ca.gov)** or call the Local Reimbursements Section at (916) 324-5729.

Amended and Adopted: 2-3-83  
Amended: 3-28-84  
Amended: 1-29-10

## **Amendment to Parameters and Guidelines**

Statutes 1981, Chapters 102 and 1163; and

DHS All County Letters

### ***Medi-Cal Beneficiary Probate***

05-PGA-33 (4032)

This amendment is effective beginning with claims filed for the  
July 1, 2005 through June 30, 2006 period of reimbursement.

#### **I. SUMMARY OF MANDATE**

Statutes 1981, chapter 102, effective June 28, 1981 added Probate Code Section 700.1; and Statutes 1981, chapter 1163 effective October 2, 1981 amended Probate Code Section 700.1. In part, Section 700.1 states that where a deceased person has received or may have received health care under the provisions of Chapter 7 (commencing with Section 14000) of Chapter 8 (commencing with Section 14200), Part 3, Division 9, Welfare and Institutions Code, the heirs, the executor, the administrator, or the person in possession of any property of the decedent shall give the Director of Health Services or his or her successor notice of the death no later than 90 days from the date of death. Such notice shall be mailed postage prepaid, and addressed to the director at his or her Sacramento office.

The Department of Health Services prepared two (2) all county letters to Public Guardians/Public Administrators; one dated February 118, 1982 and the second dated March 31, 1982 which included a suggested form letter. The purpose of the all county letters was to provide clarification of Probate Code Section 700.1 and request specific information.

#### **II. BOARD OF CONTROL DECISION**

On December 2, 1982 the Board of Control found that Statutes 1981, Chapters.102 and 1163, and State Department of Health Services all county letters of February 18, 1982 and March 31, 1982 imposed reimbursable state mandated costs.

#### **III. ELIGIBLE CLAIMANTS**

Only counties are eligible to file for reimbursement, as under State of California law the Office of Public Guardian/Public Administrator is a county function.

#### **IV. PERIOD OF REIMBURSEMENT**

This amendment is effective beginning with claims filed for the July 1, 2005 through June 30, 2006 period of reimbursement.

Statutes 1981, chapter 102 became operative on June 28, 1981. Statutes 1981, chapter 1163 became operative on October 2, 1981. The test claim was filed on July 8, 1982. Revenue and Taxation Code Section 2253.8 states that test claims must be submitted on or before November 30 following a given fiscal year in order to obtain reimbursement for costs incurred during the given fiscal year. Therefore, costs incurred during 1981-82 and subsequent fiscal years would be reimbursable unless otherwise limited.

## V. REIMBURSABLE ACTIVITIES

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

Probate Code Section 700.1, and the all county letters of February 18, 1982 and March 31, 1982 with its form letter requested the following information:

<u>Description</u>	<u>Probate Code</u>	<u>All County</u>	
<u>Section 700.1</u>	<u>letters dated</u>	<u>2-18-82 &amp; 3-31-92</u>	
Notice of Death	<b>X</b>	-	
Death Certificate	<b>X</b>	<b>X</b>	
Probate Number	-	<b>X</b>	
Medi-Cal Number		<b>X</b>	<b>X</b>
Estate Inventory & Appraisal		<b>X</b>	<b>X</b>
Date of Death			<b>X</b>
Approximate Estate Value			<b>X</b>
Social Security Number			<b>X</b>
Date of Birth			<b>X</b>
Marital Status			<b>X</b>
Type of Probate			<b>X</b>

Counties shall be reimbursed for the increased costs directly related to providing information as required above.

## **VI. REIMBURSABLE COSTS**

### Salary and Fringe Benefits:

Classification of employee, number of- hours devoted to mandated functions, hourly rate, and fringe benefits.

### Other Costs:

Computer costs, mileage, death certificates, forms, etc. Claimants must provide justification for these costs.

### Allowable Indirect Costs:

Indirect costs are defined as costs, which are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate, and (2) the costs of central government services distributed to other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the OMB Circular A-87. Claimants have the option of using 10 % of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) for the department if the indirect cost rate claimed exceeds 10%. If more than one department is claiming indirect costs for the mandated program, each department must have its own ICRP prepared in accordance with OMB Circular A-87. An ICRP must be submitted with the claim when the indirect cost rate exceeds 10%.

### Offsetting Revenues:

Claimants shall pursue reimbursement for the costs claimed above, from a decedent's estate before seeking SB 90 reimbursement. The full amount of estate reimbursement shall be subtracted from the SB 90 reimbursement claim.

## **VII. CLAIM PREPARATION**

Claimants shall categorize the activities necessary to carry out the mandated functions using the categories cited in the Reimbursable Costs Section. Claimants shall provide appropriate case load statistics to support claimed costs.

## **VIII. RECORD RETENTION**

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter<sup>1</sup> is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section V, must be retained during the period subject to audit. If the Controller has initiated an audit during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

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<sup>1</sup> This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

To be Completed by Claimant

REQUIRED CERTIFICATION:

The following certification must accompany the claim:

I DO HEREBY CERTIFY:

THAT Sections 1090 to 1096, inclusive, of the Government Code and other applicable provisions of the law have been complied with; and,

THAT I am the person authorized by the local agency to file claims with the State of California.

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone Number

<b>MEDI-CAL BENEFICIARY PROBATE CLAIM FOR PAYMENT</b>			<b>For State Controller Use Only</b>	<b>PROGRAM</b>  <b>043</b>
(19) Program Number 00043 (20) Date Filed (21) LRS Input				
(01) Claimant Identification Number			<b>Reimbursement Claim Data</b>	
(02) Claimant Name			(22) FORM 1, (05)(e)	
County of Location			(23) FORM 1, (06)	
Street Address or P.O. Box		Suite	(24) FORM 1, (07)	
City	State	Zip Code	(25)	
		<b>Type of Claim</b>	(26)	
		(03) (09) Reimbursement <input type="checkbox"/>	(27)	
		(04) (10) Combined <input type="checkbox"/>	(28)	
		(05) (11) Amended <input type="checkbox"/>	(29)	
<b>Fiscal Year of Cost</b>	(06)	(12)	(30)	
<b>Total Claimed Amount</b>	(07)	(13)	(31)	
Less: <b>10% Late Penalty</b> (refer to attached Instructions)		(14)	(32)	
Less: <b>Prior Claim Payment Received</b>		(15)	(33)	
<b>Net Claimed Amount</b>		(16)	(34)	
<b>Due from State</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	
<p><b>(37) CERTIFICATION OF CLAIM</b></p> <p>In accordance with the provisions of Government Code Sections 17560 and 17561, I certify that I am the officer authorized by the local agency to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Article 4, Chapter 1 of Division 4 of Title 1 Government Code.</p> <p>I further certify that there was no application other than from the claimant, nor any grants or payments received for reimbursement of costs claimed herein and claimed costs are for a new program or increased level of services of an existing program. All offsetting revenues and reimbursements set forth in the parameters and guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.</p> <p>The amount for this reimbursement is hereby claimed from the State for payment of actual costs set forth on the attached statements.</p> <p>I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>Signature of Authorized Officer</p>    <p>_____</p> <p>Type or Print Name and Title of Authorized Signatory</p> </div> <div style="width: 45%;"> <p>Date Signed _____</p> <p>Telephone Number _____</p> <p>Email Address _____</p> </div> </div> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>(38) Name of Agency Contact Person for Claim</p>    <p>_____</p> <p>Name of Consulting Firm / Claim Preparer</p> </div> <div style="width: 45%;"> <p>Telephone Number _____</p> <p>Email Address _____</p> <p>Telephone Number _____</p> <p>Email Address _____</p> </div> </div>				



<b>PROGRAM</b> <b>043</b>	<b>MEDI-CAL BENEFICIARY PROBATE CLAIMS FOR PAYMENT INSTRUCTIONS</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Enter the claimant identification number assigned by the State Controller's Office.
- (02) Enter claimant official name, county of location, street or postal office box address, city, State, and zip code.
- (03) to (08) Leave blank.
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) Not applicable
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate Form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim as shown on Form 1 line (08). The total claimed amount must exceed \$1,000; minimum claim must be \$1,001.
- (14) Initial claims must be filed as specified in the claiming instructions. Annual reimbursement claims must be filed by **February 15**, or otherwise specified in the claiming instructions, following the fiscal year in which costs were incurred or the claims must be reduced by a late penalty. Enter zero if the claim was filed on time. Otherwise, enter the penalty amount as a result of the calculation formula as follows:
- Late Initial Claims: Form FAM-27 line (13) multiplied by 10%, without limitation; or
  - Late Annual Reimbursement Claims: Form FAM-27, line (13) multiplied by 10%, late penalty not to exceed \$10,000.
- (15) Enter the amount of payment, if any, received for the claim. If no payment was received, enter zero.
- (16) Enter the net claimed amount by subtracting the sum of lines (14) and (15) from line (13).
- (17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.
- (18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., Form 1, (05)(e), means the information is located on Form 1, line (05), column (e). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 35.19% should be shown as 35. **Completion of this data block will expedite the process.**
- (37) Read the statement of Certification of Claim. The claim must be dated, signed by the agency's authorized officer, and must type or print name, title, date signed, telephone number, and email address. **Claims cannot be paid unless accompanied by an original signed certification. (Please sign the Form FAM-27 in blue ink and attach the copy to the top of the claim package.)**
- (38) Enter the name, telephone number, and email address of the agency contact person for the claim. If the claim was prepared by a consultant, type or print the name of the consulting firm, the claim preparer, telephone number, and email address.

**SUBMIT A SIGNED ORIGINAL FORM FAM-27 AND ONE COPY WITH ALL OTHER FORMS TO:**

***Address, if delivered by U.S. Postal Service:***

**OFFICE OF THE STATE CONTROLLER  
ATTN: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250**

***Address, if delivered by other delivery service:***

**OFFICE OF THE STATE CONTROLLER  
ATTN: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 700  
Sacramento, CA 95816**

<b>PROGRAM</b> <b>043</b>	<b>MEDI-CAL BENEFICIARY PROBATE CLAIM SUMMARY</b>				<b>FORM</b> <b>1</b>
(01) Claimant			(02)		Fiscal Year 20__/20__
(03) Department					
(04) Computation of Claimable Increased Costs					
(a) Name of Decedents	(b) Cost of Providing the Required Information	(c) Cost of All County Services Provided to the Estate	(d) Reimbursement Received by County from the Estate	(e) Claimable Increased Costs Col. (b) - [Col. (b) ÷ Col. (c)] X Col. (d)]	
(05) Claimable Increased Costs			Total <input type="text"/>	Subtotal <input type="text"/>	Page: ____ of ____
<b>Cost Reduction</b>					
(06) Less: Offsetting Revenues					
(07) Less: Other Reimbursements					
(08) Total Claimed Amount				[Line (09) - {line (10) + line (11)}]	

<b>PROGRAM</b> <b>043</b>	<b>MEDI-CAL BENEFICIARY PROBATE CLAIM SUMMARY INSTRUCTIONS</b>	<b>FORM</b> <b>1</b>
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- (01) Enter the name of the claimant.
- (02) Enter the fiscal year of claim.
- (03) If more than one department has incurred costs for this mandate, give the name of each department. A separate Form 1 must be completed for each department.
- (04) Computation of Claimable Increased Costs. Enter information as follows:
- Column (a), the case number or name of the decedents.
- Column (b), the county's customary charge per case for providing the required information to DOHS. Attach a worksheet detailing the costs for those cases which are significantly different than the customary rate.
- Column (c), the county's customary charge per case for providing all county services to the estate of the decedent. Attach a worksheet detailing the costs for those cases which are significantly different than the customary rate.
- Column (d), the amount of reimbursement the county has received from the estate of the decedent for the cost of services rendered.
- Column (e), the formula for computing the claimable increased costs:
- Claimable Increased Costs = Column (b) – [(Column (b) ÷ Column (c)) x Column (d)]
- (05) Enter the sum of the Claimable Increased Costs for all the decreased Medi-Cal recipients. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed, number each page.
- (06) If applicable, enter any revenue received by the claimant for this mandate from any state or federal source.
- (07) If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds that reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (08) From Increased Costs, line (05), subtract the sum of Offsetting Revenues, line (06), and Other Reimbursements, line (07). Enter the total on this line and carry the amount forward to Form FAM-27, line (13) for the Reimbursement Claim.